

Council/Agency Meeting Held: _____		City Clerk's Signature _____
Deferred/Continued to: _____		
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied		
Council Meeting Date: 8/15/2005	Department ID Number: ED 05-20	

## CITY OF HUNTINGTON BEACH REQUEST FOR CITY COUNCIL ACTION

**SUBMITTED TO:** HONORABLE MAYOR AND CITY COUNCIL MEMBERS

**SUBMITTED BY:** *Penelope Culbreth*  
PENELOPE CULBRETH-GRAFT, CITY ADMINISTRATOR

**PREPARED BY:** *Robert F. Beard*  
ROBERT F. BEARDLEY, ACTING DIRECTOR OF ECONOMIC DEVELOPMENT

**SUBJECT:** **Approve Huntington Beach Hotel/Motel Business Improvement District 2004-2005 Annual Report, Adopt Resolution of Intention to Levy an Annual Assessment for Fiscal Year 2005-2006 and Schedule Public Hearing for September 6, 2005**

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CITY CLERK  
CITY OF  
HUNTINGTON BEACH, CA  
2005 AUG -4 PM 2:08

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

**Statement of Issue:** On August 19, 2002, the City Council approved Ordinance No. 3569 to establish the Huntington Beach Hotel/Motel Business Improvement District to fund activities to promote Huntington Beach as an overnight tourist destination to benefit all of the hotels and motels in the City. The Parking and Business Improvement Law of 1989 requires an Annual Report be filed for each fiscal year, a Resolution of Intention be passed to levy an assessment for the next fiscal year, and a public hearing date be set.

**Funding Source:** Not applicable.

**Recommended Action:**

1. Approve the Huntington Beach Hotel/Motel Business Improvement District Annual Report for FY 2004-2005.
2. Adopt City Council Resolution No. 2005-57, a Resolution of Intention of the City of Huntington Beach approving an annual assessment within the Huntington Beach Hotel/Motel Business Improvement District for FY 2005-2006.
3. Direct the City Clerk to schedule a public hearing to be held on September 6, 2005, and send copies of the Resolution of Intention and assessment formula to each business to be assessed.

**Alternative Action(s):**

1. Return the 2004-2005 Annual Report of the Huntington Beach Hotel/Motel Business Improvement District to the Huntington Beach Conference and Visitors Bureau for additional information.
2. Deny the request to approve the Resolution of Intention.

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## REQUEST FOR ACTION

MEETING DATE: 8/15/2005

DEPARTMENT ID NUMBER:ED 05-20

**Analysis:** The Huntington Beach Conference and Visitors Bureau originally requested the City Council form a Business Improvement District (BID) in 2002 to include all hotels and motels in the City for the purpose of funding activities to promote Huntington Beach as an overnight destination. This is the third annual renewal of the Huntington Beach Hotel/Motel Business Improvement District.

The Huntington Beach Hotel/Motel Business Improvement District requires a 1% levy be assessed on all overnight room stays in Huntington Beach. These funds are collected as a separate itemization with monthly Transient Occupancy Taxes paid to the City of Huntington Beach. The Board of Directors for the Huntington Beach Conference and Visitors Bureau also serves as the BID Advisory Board. BID revenues supplement the annual City contract with the Conference and Visitors Bureau.

**Environmental Status:** Not applicable.

### **Attachment(s):**

City Clerk's Page Number	No.	Description
3	1.	Resolution of Intention to Levy Assessments for Fiscal Year 2005-2006
7	2.	Exhibit A - Huntington Beach Hotel/Motel Business Improvement District 2004-2005 Annual Report
12	3.	Exhibit B - List of Huntington Beach Hotels and Motels
14	4.	Exhibit C - Huntington Beach Hotel/Motel Business Improvement District Proposed Operating Budget 2005-2006

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**ATTACHMENT #1**

RESOLUTION NO. 2005-57

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
HUNTINGTON BEACH DECLARING THE CITY'S  
INTENTION TO LEVY AN ANNUAL ASSESSMENT  
FOR FISCAL YEAR 2005-2006 WITHIN THE HUNTINGTON  
BEACH HOTEL/MOTEL BUSINESS IMPROVEMENT DISTRICT

WHEREAS, the California Legislature, in adopting the Parking and Business Improvement Area Law of 1989 (*Streets and Highways Code* §36500 et seq.) found that cities are authorized to levy assessments on businesses in order to promote economic revitalization and tourism, create jobs, attract new businesses and prevent erosion of business districts; and

The California Legislature found that cities are authorized to levy assessments on businesses which benefit from those improvements and activities; and

A sizeable majority of the hotel and motel businesses within the City of Huntington Beach requested that the City Council commence proceedings under the Parking and Business Improvement Area Law of 1989 to establish a hotel and motel business benefit area within the City of Huntington Beach and to levy a special assessment to promote tourism and tourist related events; and

The City Council formed a business improvement area, known as the Huntington Beach Hotel/Motel Business Improvement District (the "District"), by the passage of Ordinance No. 3569 on August 19, 2002. The time has come to continue the existence of the District for fiscal year 2005-06 by levying assessments on those businesses that benefit from the activities; and

The District's Advisory Board has prepared and filed with the City Clerk an "Annual Report/Operating Budget 2004-2005 Fiscal Year to Date" and "Proposed Budget for Fiscal Year 2005-2006" (collectively, "Annual Report"); and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Huntington Beach does hereby resolve as follows:

SECTION 1. The City Council hereby approves the Annual Report filed by the Advisory Board in the City Clerk's office attached hereto as **Exhibit A** and incorporated herein by this reference, which includes a proposed budget for Fiscal Year 2005-2006 and a description of the improvements and activities to be provided for Fiscal Year 2005-2006.

SECTION 2. To levy and collect assessments within the District area for Fiscal Year 2005-2006 in the amount of 1% on hotel and motel overnight room stays in hotels and motels listed in **Exhibit B** attached hereto and incorporated herein by this reference.

SECTION 3: The type or types of improvements and activities proposed to be funded by the levy of assessments on businesses within the business improvement area are specified in **Exhibit C**, attached hereto and incorporated herein by this reference. Further, the improvements, if any, to be acquired for the proposed business improvement area are specified in **Exhibit C**.

SECTION 4. A public hearing shall be held before the City Council on September 6, 2005, at 6:00 p.m., or as soon thereafter as this matter may be heard, in the Council Chambers of the City Hall, 2000 Main Street, Huntington Beach, California, at which time the Council will hear all interested persons for or against levying of the assessment, and the furnishing of specified types of improvements or activities. Protests may be made orally or in writing; but, if written, shall be filed with the City Clerk at or before the time fixed for the hearing and contain sufficient documentation to verify business ownership and validate the particular protest. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made. The City Council may waive any irregularity in the form or content of any written protest, and at the public hearing, may correct minor defects in the proceedings. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing set forth above. If written protests are received by the owners of businesses within the District, which will pay 50% or more of the total assessments to be levied, no further proceedings to levy the proposed assessment shall be taken for a period of one year from the date of the finding of a majority protest by the City Council. If the majority protest is only against the furnishing of a specified type or types of improvements or activity within the District, those types of improvements or activities shall be eliminated.

SECTION 5. The City Clerk is hereby directed to provide notice of the public hearing by causing the this resolution of intention to be published once in a newspaper of general circulation at least seven days before the public hearing.

SECTION 6. Further information regarding the proposed business improvement district may be obtained at the Huntington Beach City Hall, 2000 Main Street, Huntington Beach, California 92648; telephone (714) 536-5542; or from the Huntington Beach Conference and Visitors' Bureau, 301 Main Street, Suite 208, Huntington Beach, CA 92648, (714) 969-3492.

SECTION 7. The City Clerk shall mail a complete copy of this resolution of intention by first-class mail to each business owner in this area within seven days after the Council's adoption of this resolution.

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SECTION 8. This resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach  
at a regular meeting thereof held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Mayor

REVIEWED AND APPROVED:

*Lynette Cullerton*  
City Administrator

APPROVED AS TO FORM:

*Jennifer McGrath*  
City Attorney  
4/14/05 HC 4/14/05

INITIATED AND APPROVED:

*1st B. Harding*  
Director of Economic Development  
8/3/05

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**ATTACHMENT #2**

Huntington Beach  
Hotel/Motel Business  
Improvement District  
Fiscal Year 2004-2005  
Annual Report

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**HUNTINGTON BEACH HOTEL/MOTEL BUSINESS IMPROVEMENT DISTRICT**  
**(Administered by the Huntington Beach Conference and Visitors Bureau)**  
**Annual Report/Operating Budget 2004-2005 Fiscal Year**

The Huntington Beach Conference and Visitors Bureau continued to escalate its scope of activities and effectiveness as a destination management agency during 2004/05. The stage was set for an even larger program of work and increased level of influence as a marketing entity in the future. The following highlights/programs would not have been possible without the establishment of the BID.

- Completed branding initiative for Huntington Beach that led to the filing of nine *Surf City USA*™ trademark applications; development of a new *Surf City USA* logo; extensive worldwide publicity about the "feud" between Santa Cruz and Huntington Beach; a licensing agent agreement for *Surf City USA* merchandise with Global Icons; and the Bureau's first licensing contract with Felt Bicycles for *Surf City USA* bicycles to be marketed in up to 30 countries. The rationale for the trademark was based on additional research completed during the year including a visitor intercept survey at the pier; cooperative visitor study with the Orange County Tourism Council; brand distinction analysis; trademark search; SWOT (strengths, weaknesses, opportunities and threats) analysis; resident study and logo analysis which incorporated a highly publicized local survey.
- Dramatically enhanced the Bureau's website with standardized and increased type and font sizes; automated page view/click through reports for all web pages; adoption of the surfcityusa.com URL (phasing out the old hbvisit.com URL); development of a new downtown locator map; extensive refinements to the annual events webpage; addition of 20+ new content pages from boating to local arts to city accolades; a new Media section including a press kit and all press releases issued for the past two years; and drop down menus to enhance navigation from the homepage. With on-going efforts to optimize search engine placement for key search terms, the website set another record in June with more than 79,000 unique viewers – an increase of 58 percent from the previous year and 438 percent higher than 2003.
- Continued to issue a new press release every week to nearly 1,000 publications and broadcast media on a weekly basis. Hired Bureau's first Public Relations Manager after an extensive nationwide search. Expanded involvement in the California Travel & Tourism Commission's media receptions to include both New York and Los Angeles.
- Developed the City's first Meeting Planners Guide, an upscale publication aimed at bringing additional groups to Huntington Beach and providing comprehensive planning information to assist meeting planners in booking engagements here.
- The Bureau's 2004 Spring/Summer advertising campaign aimed at families was expanded to a year round program in five key publications: *Arizona Highroads* (AAA), *Arizona Republic* (newspaper), *Sunset*, *VIA* (AAA) and *Westways* (AAA). It was complemented by spot placements in *Better Homes & Gardens*, *Ladies'*

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*Home Journal* and *What's On*. At the same time, accountability standards were raised by utilizing unique toll free phone numbers and URLs in advertisements to enhance the ability to measure the impact and effectiveness of each publication.

- Produced the Bureau's second rack "lure" brochure for distribution in 2,000 outlets in drive markets across the western U.S. Expanded distribution to include Orange County and San Diego for enhanced penetration in competitive markets.
- Created five issues of the Bureau's first online newsletter developed for local residents and City officials entitled, "HB Pipeline." Each issue was posted to the City's website and promoted via an email sent to City newsletter subscribers.
- Cataloged, organized, color-corrected and uploaded more than 3,800 separate high resolution Bureau photos to a digital asset management (DAM) system that permits staff to easily locate images for promotional efforts. A separate version of the DAM system with 1,000 of the best images was seamlessly integrated into the Bureau's website with password protection for use by the media. Hundreds of new images of the City were collected and added to the database. Releases were secured from the photographers of all 3,800 images to ensure the Bureau was legally entitled to use them and protected from the threat of future litigation.
- Expanded the season for the City's first Visitor Center on the Pier by 19 days following a successful test run the previous year. The kiosk was open from May 28 to September 11, 2005. With 80 percent of the staff returning from the previous year, Visitor Information Specialists were well poised to handle guest inquiries and assist visitors with their needs. At yearend, the Bureau contracted Adams Associates to facilitate governmental approvals necessary to construct a new, permanent Visitor Center at the pier incorporating the Citibank ATM kiosk with the hope of opening the new facility during the spring of 2006.

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H.B. Conference and Visitors Bureau  
BID Balance Sheet  
As of June 30, 2005

**ASSETS**

**Current Assets**

**Checking/Savings**

Business Checking - B.I.D. \$ 10,644.42

Money Market - B.I.D. 97,176.85

**Total Checking/Savings** 107,821.27

**Accounts Receivable** 130,000.00 \*

**Prepaid Expenses** 2,937.65

**Total Current Assets** 240,758.92

**Fixed Assets**

Furniture & Fixtures 8,830.00

Accum. Depr. - Furniture & Fix. (4,915.25)

**Total Furniture & Fixtures** 3,914.75

Equipment 16,079.01

Accum. Depr. - Equipment (4,484.48)

**Total Equipment** 11,594.53

**Total Fixed Assets** 15,509.28

**TOTAL ASSETS** \$ 256,268.20

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

Accounts Payable \$ 116,334.35

Accts Payable - Personnel 1,320.67

**Total Current Liabilities** 117,655.02

**Total Liabilities** 117,655.02

**Equity**

General Unrestricted Net Assets 129,225.08

Net Income 9,388.10

**Total Equity** 138,613.18

**TOTAL LIABILITIES & EQUITY** \$ 256,268.20

\* B.I.D. receivable of \$130,000 is estimated by management.

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**ATTACHMENT #3**

## EXHIBIT B

### CITY OF HUNTINGTON BEACH HOTELS AND MOTELS INCLUDED IN HUNTINGTON BEACH HOTEL INDUSTRY BUSINESS IMPROVEMENT AREA

The BID benefit zone encompasses the entire City of Huntington Beach boundaries. It is anticipated that the entire City including businesses and residents will benefit from increased revenues generated by the activities of the BID. The following businesses will be included in the business improvement area established pursuant to California Streets and Highways Code Section 36500 et. seq.:

Hilton Waterfront Beach Resort  
21100 Pacific Coast Hwy.  
Huntington Beach, CA 92648  
Business Owner/Operator: J. D. Shafer

Hyatt Regency Huntington Beach Spa and Resort  
21500 Pacific Coast Hwy.  
Huntington Beach, CA 92648  
Business Owner/Operator: Cheryl Phelps

Best Western Regency Inn  
19360 Beach Blvd.  
Huntington Beach, CA 92648  
Business Owner/Operator: Tonho Intl.-Diane Beadling

Comfort Suites  
16301 Beach Blvd.  
Huntington Beach, CA 92647  
Business Owner/Operator: Chandu Patel

Hotel Huntington Beach  
7667 Center Avenue  
Huntington Beach, CA 92647  
Business Owner/Operator: Ming Shin Kou

Howard Johnson Express Inn & Suites  
17251 Beach Blvd.  
Huntington Beach, CA 92647  
Business Owner/Operator: Kiran Patel

Beach Inn  
18112 Beach Blvd.  
Huntington Beach, CA 92646  
Business Owner/Operator: A. Lien Chao

Sun 'N Sands Motel  
1102 Pacific Coast Hwy.  
Huntington Beach, CA 92648  
Business Owner/Operator: Jitendra P. Barot

Colonial Inn Youth Hostel  
421 - 8<sup>th</sup> St.  
Huntington Beach, CA 92648  
Business Owner/Operator: James Parkinson

Edelweiss Inn  
7561 Center Ave., #46  
Huntington Beach, CA 92647  
Business Owner/Operator: Alfred Skistimas

Extended Stay America  
5050 Skylab West Circle  
Huntington Beach, CA 92647  
Business Owner/Operator: Dev Chauhan

Guest House International Inn  
18382 Beach Blvd.  
Huntington Beach, CA 92648  
Business Owner/Operator: Raju Patel

Huntington Suites  
727 Yorktown Ave.  
Huntington Beach, CA 92648  
Business Owner/Operator: Young Ja Zahedi

Huntington Surf Inn  
720 Pacific Coast Hwy.  
Huntington Beach, CA 92648  
Business Owner/Operator: Long Han, Jennifer Phi

Ocean View Motel  
16196 Pacific Coast Hwy.  
Huntington Beach, CA 92649  
Business Owner/Operator: Pravin Patel

Pacific View Inn & Suites  
16220 Pacific Coast Hwy.  
Huntington Beach, CA 92649  
Business Owner/Operator: Khushbu, LLC - Jayesh Patel

Best Western Huntington Beach Inn  
800 Pacific Coast Hwy.  
Huntington Beach, CA 92648  
Business Owner/Operator: Ken Patel

777 Motor Inn  
16240 Pacific Coast Hwy.  
Huntington Beach, CA 92648  
Business Owner/Operator: Mulan Kuo, Victor Ali

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**ATTACHMENT #4**

**HUNTINGTON BEACH HOTEL/MOTEL BUSINESS IMPROVEMENT DISTRICT**  
**(Administered by the Huntington Beach Conference and Visitors Bureau)**  
**Proposed Operating Budget 2005-2006**

<i>Category</i>	<i>Proposed</i>
Advertising	\$258,000.00
Exhibit / Seminar / Registration Fees	4,000.00
Fixtures / Furniture / Computer	2,500.00
Health Insurance	18,000.00
Liability Insurance	1,000.00
Payroll Taxes	18,000.00
Pension	18,000.00
Postage/Fulfillment	36,000.00
Salaries	170,000.00
Subscriptions / Dues	1,500.00
Travel Expenses	<u>3,000.00</u>
<b>TOTAL</b>	<b>\$530,000.00</b>

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